ENTREPRENEURSHIP DEVELOPMENT AND MANAGEMENT

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Concept of Entrepreneurship

- Entrepreneurship is the process of designing, launching, and running a new business.
- It involves identifying opportunities in the market.
- Focuses on innovation, creativity, and value creation.
- Entrepreneurs take risks to create and grow enterprises.

Definitions of Entrepreneurship

- The capacity and willingness to develop, organize, and manage a business venture.
- A process of identifying opportunities and converting them into workable business ideas.
- Joseph Schumpeter: Entrepreneurship is innovative activity that disrupts existing systems.

Classification of Entrepreneurs

- Based on Function: Innovative, Imitative, Fabian, Drone
- Based on Ownership: Private, Government, Joint
- Based on Area: Rural and Urban Entrepreneurs
- Based on Technology: Technical and Non-Technical

Types of Entrepreneurs

- Innovative: Introduces new ideas, technologies.
- Imitative: Adopts existing models and improves them.
- Fabian: Very cautious, skeptical about change.
- Drone: Resists change even if business suffers.
- Social Entrepreneur: Works for social value, not profit.
- Serial Entrepreneur: Starts multiple businesses continuously.

Entrepreneurial Competencies

- **Initiative and Persistence**: Proactively seeking opportunities and demonstrating endurance in the face of challenges.
- **Risk-Taking**: Willingness to take calculated risks and minimize them through planning and research.
- **Goal-Oriented**: Setting clear, specific, and long-term goals.
- **Information Seeking**: Actively researching and utilizing information networks and experts to make informed decisions.

Manager vs. Entrepreneur

Characteristic	Entrepreneur	Manager
Behaviour Characterized by	Desire for Control	Delegation of Authority
Management Style	One-Man Show	Management Team
Driving Force	Creativity - Innovation	Establish and Preserve the Status Quo
Organizational Growth	Rapid Reaction	Strategic Planning
Organization Structure	Informal, Flexible	Organized
Decision-Making	Intuitive	Collect Information and Seek Advice
Definition of Aims	In terms of "Vision"	In Commercial Terms
Attitude to Money	A By-Product	Measure of Success
Attitude to Risk	Calculated Risks	Avoidance of Risks
Organizational Culture	"Entrepreneurial Culture"	"Management Culture"

Role of an Entrepreneur

- **Innovation**: Introducing new goods, services, methods of production, and discovering new markets.
- **Employment Generation**: Creating job opportunities and reducing unemployment.
- **Economic Growth**: Contributing to GDP, increasing per capita income, and raising standards of living.
- **Capital Formation**: Mobilizing unutilized resources and promoting capital formation.
- **Balanced Regional Development**: Establishing businesses in various regions, which helps reduce income disparities.

Barriers in Entrepreneurship

- **Financial Constraints**: Difficulty in raising capital and managing finances effectively.
- **Market Entry Barriers**: Intense competition and challenges in establishing a unique market position.
- **Lack of Skills/Knowledge**: Gaps in management, technical, or relationship skills.
- **Bureaucracy/Regulations**: Navigating complex legal and regulatory environments.
- **Risk and Uncertainty**: Dealing with the inherent ambiguity and potential for failure in new ventures.
- **Lack of Persistence**: Giving up after initial setbacks or failures.

Sole Proprietorship Forms of Business Organisations

- These are fundamental business structures.
- **Sole Proprietorship**: Owned and run by a single individual.
  - *Advantages*: Easy to set up, full control, all profits go to the owner.
  - *Disadvantages*: Unlimited personal liability for business debts, limited access to capital, reliance on the owner's skills.

Partnership Forms of Business Organisations

- **Partnership**: A business owned by two or more individuals (partners) who share profits, losses, and management responsibilities.
  - *Advantages*: Shared resources and expertise, easier to raise capital than a sole proprietorship.
  - *Disadvantages*: Shared control, potential for disputes between partners, partners have unlimited liability for business debts (unless it's a Limited Liability Partnership).

Small Business vs. Startup

Small Business Model	Startup Model
✓ can start with one person	✓ bigger team is essential
✓ traditional business model	✓ based on innovation/technology
✓ grows steadily	✓ grows very quickly
✓ less risky	✓ much riskier
✓ money isn't always the main goal	✓ making money *is* the main goal
✓ oftentimes funded through inner circle	✓ oftentimes funded through inner circle, then big-time investors
✓ you plan to stay with the business	✓ you plan on selling it

Critical Components for Establishing a Startup

- **A Unique and Validated Idea:** The startup must solve a real problem or fill a gap in the market. This idea needs validation through market research and customer feedback, often tested with a Minimum Viable Product (MVP).
- **A Solid Business Plan:** A detailed roadmap that outlines goals, strategies, target market, financial projections, and operational plans. This document is crucial for guiding the business and attracting investors.
- **Securing Adequate Funding:** Planning cash flow and securing appropriate funding (personal savings, loans, VCs, etc.) is essential for initial development and rapid scaling. Proper financial management from the start is vital.

Critical Components for Establishing a Startup

- **A Strong, Skilled Team:** Assembling individuals with complementary skills and a shared vision. A passionate and committed team is often considered more valuable by investors than the idea itself.
- **Legal & Financial Foundations:** Properly registering the business entity (e.g., LLC, corporation), obtaining necessary licenses and permits, and separating personal and business finances are critical early steps.
- **Execution and Iteration:** The ability to put plans into action, monitor progress using key metrics, gather customer feedback, and adapt strategies (pivot) as needed. Agility is key.

Leadership

- Leadership is the art of motivating, influencing, and guiding individuals or groups toward achieving common goals and objectives. It is about setting a vision for the future, inspiring others to embrace that vision, and fostering a collaborative environment to achieve it.

Need of Leadership

- **Provides Direction:** Leaders create a clear vision and roadmap, preventing groups from struggling with uncertainty about their purpose.
- **Motivates and Inspires:** Leaders ignite passion and enthusiasm, encouraging employees to go beyond their basic tasks and believe in the organization's mission.
- **Drives Change:** In a constantly evolving world, leaders are change-makers who help organizations adapt to new circumstances and opportunities.
- **Builds High-Performance Teams:** Effective leaders foster psychological safety, collaboration, and trust, allowing teams to be creative, take calculated risks, and perform well even during challenging times.

Types of Leadership

- **Autocratic (Authoritarian) Leadership**
  - **Description:** The leader makes decisions unilaterally with little or no input from the group. Communication is top-down.
  - **Use Case (in PPT):** Effective in emergencies or when quick, decisive action is needed and the leader has the most information (e.g., crisis management).
  - **Potential Drawbacks:** Can stifle creativity, lower morale, and lead to high employee turnover if used constantly.

Types of Leadership

- **Democratic (Participative) Leadership**
  - **Description:** Leaders involve team members in the decision-making process, encouraging collaboration and input.
  - **Use Case (in PPT):** Best for environments where creativity, high morale, and collaboration are valued (e.g., problem-solving, team building).
  - **Potential Drawbacks:** The consensus-building process can be time-consuming.

Types of Leadership

- **Description:** A "hands-off" approach where the leader provides minimal direction, trusting team members to make their own decisions.
- **Use Case (in PPT):** Works well with highly skilled, self-motivated, and experienced teams who can work independently.
- **Potential Drawbacks:** Can lead to a lack of direction or chaos if teams are not disciplined or clear on goals.

Micro, Small, and Medium Enterprises (MSMEs) in India

- MSMEs are crucial to the Indian economy, driving economic growth, generating mass employment, and contributing significantly to industrial output and exports. The sector provides a wide range of products and services and is governed by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

Significant Provisions of the MSME Act

- **Classification and Registration:** A legal framework for enterprises to register online via the Udyam Registration portal to access government benefits.
- **Delayed Payments:** Measures to mitigate delayed payments, making buyers liable to pay compounded interest if payments to micro and small enterprises are not made within 45 days of goods or services delivery.
- **National Board:** Formation of a National Board for Micro, Small and Medium Enterprises to oversee and regulate the sector's development and advise the government.

Significant Provisions of the MSME Act

- **Credit Facilities:** Encouraging banks to provide priority sector lending and collateral-free loans via schemes like the Credit Guarantee Fund Scheme (CGTMSE).
- **Promotional Policies:** Provisions for the central and state governments to formulate policies for the promotion, development, and enhanced competitiveness of MSMEs, including preference in government procurement.
- **Cluster Development:** Promotion of MSME clusters to improve infrastructure, skill development, and market access.

Importance of Feasibility Studies

- **Risk Mitigation:** Identifies potential obstacles, challenges, and external factors early, allowing for proactive strategies to minimize risks.
- **Informed Decision-Making:** Provides stakeholders and entrepreneurs with data-driven insights (a "go/no-go" decision) on market potential, financial implications, and technical requirements.
- **Resource Allocation:** Helps allocate time and capital wisely, ensuring resources are not wasted on ventures that may not attract sufficient demand or be profitable.
- **Securing Funding:** A comprehensive feasibility report increases confidence among investors and lenders, often a prerequisite for accessing loans or grants.

Problems Faced by New Enterprises - Finance

- **Limited Access to Capital:** Difficulty in securing adequate and timely credit from traditional banks due to a lack of collateral or credit history.
- **Cash Flow Management:** Startups often struggle with managing cash flow, especially in the initial stages when expenses are high and revenue generation is low.
- **High Cost of Credit:** Even when loans are available, high interest rates can add a significant financial burden.

Problems Faced by New Enterprises - Marketing

- **Market Penetration:** Difficulty accessing domestic and export markets, which are often dominated by larger corporations.
- **Limited Budgets:** Inadequate funds to invest in effective branding strategies and marketing campaigns.
- **Lack of Market Knowledge:** Absence of proper market research techniques and knowledge of customer demands.

Problems Faced by New Enterprises - Technical

- **Outdated Technology:** Reliance on obsolete plant and machinery due to limited funds or awareness, hindering productivity and competitiveness.
- **Skill Shortages:** Challenges in recruiting and retaining skilled labor capable of operating modern equipment and adapting to new technologies.
- **Inadequate Infrastructure:** Deficient basic infrastructure like power, water, and reliable transportation networks, particularly in rural areas.

Major labor issues in MSMEs

- **Informal workforce:** Many MSMEs operate with an informal workforce, leading to a lack of benefits and job security for employees and challenges for the MSME in complying with labor laws.
- **Skills gap:** MSMEs often face a lack of skilled labor due to limited resources for training and development, which can hinder productivity and growth.

Major labor issues in MSMEs

- **Dispute resolution:** Employees in MSMEs may lack access to effective dispute resolution mechanisms, leading to potential labor disputes that can disrupt business operations.
- **Low productivity:** This is often a result of outdated technology, inefficient processes, and a lack of skilled labor. This can lead to low wages and poor working conditions, further impacting employee morale and retention.

National Urban Livelihood Mission

- The National Urban Livelihood Mission (NULM) aims to provide gainful self-employment and skilled wage employment to the urban poor, with assistance from various agencies at national, state, and district levels. These agencies, including NSIC, NRDC,DC:MSME, SIDBI, NABARD, Commercial Banks, SFCs, KVIB, DIC, TBI, and STEP, support entrepreneurs through financial assistance, credit, training, incubation, and technology transfer programs. NULM specifically supports individual and group enterprises with financial aid and interest subsidies on bank loans, while also providing capacity building and social security support to urban poor, street vendors, and the homeless.

National Level Agencies

- **NSIC(National Small Industries Corporation):** Offers a wide range of support for micro and small enterprises, including technology transfer, raw material, and marketing.
- **NRDC(National Research Development Corporation):** Provides support for commercializing and transferring technology from research institutions and universities.
- **DC:MSME (Office of the Development Commissioner, Ministry of Micro, Small and Medium Enterprises):** Implements various schemes for MSMEs, such as credit guarantee schemes and cluster development programs.

State and District Level Agencies

- **SIDBI(Small Industries Development Bank of India):** A financial institution that provides a wide range of financial products and services to MSMEs.
- **NABARD(National Bank for Agriculture and Rural Development):** Supports rural and semi-urban entrepreneurship and provides refinance facilities to banks.
- **DIC(District Industries Centre):** Promotes and supports small and micro-enterprises at the district level through various schemes and services.

Management

- Management is the process of **planning, organizing, staffing, directing (or leading), and controlling** the resources of an organization (human, physical, financial, and informational) to achieve specific goals efficiently and effectively.

Nature of Management

- **Goal-Oriented:** All managerial activities are directed towards achieving pre-determined organizational objectives.
- **Universal:** Management principles are applicable to all types of organizations (for-profit, non-profit, government, etc.).
- **Intangible:** Management is an unseen force; its presence can be felt in the smooth functioning and results of the organization.
- **Continuous Process:** The functions of management are performed continuously in a cyclical manner.

Management as a Process

- **Planning:** Deciding in advance what to do, how to do it, when to do it, and by whom.
- **Organizing:** Grouping activities, assigning duties, delegating authority, and establishing relationships to facilitate work.
- **Staffing:** The function of hiring and retaining a suitable workforce, involving recruitment, selection, training, and compensation.
- **Directing/Leading:** Involves supervising, motivating, leading, and communicating with employees to achieve objectives.
- **Controlling:** Measuring performance against established standards, identifying deviations, and taking corrective action.

Management as Science and Art

- Management is considered both a science and an art.
- **As a Science:**
  - It has a **systematic body of knowledge**, with established principles and theories (e.g., principles of Fayol) developed through observation and experimentation.
  - It establishes **cause-and-effect relationships**, which helps managers predict outcomes.
- **As an Art:**
  - It requires **personal skill, creativity, and practical experience** to apply the principles in unique situations.
  - Success depends on the manager's **individual judgment and intuition**.

Management Functions

- Management is the process of planning, organizing, staffing, directing, and controlling resources (human/financial) to achieve organizational goals efficiently and effectively.
- **The 5 Functions (POLC Framework):**
  - **Planning:** Setting goals & deciding how to achieve them.
  - **Organizing:** Structuring tasks & resources.
  - **Staffing:** Recruiting & placing right people.
  - **Directing (Leading):** Motivating & supervising.
  - **Controlling:** Monitoring performance & correcting deviations.

Management vs. Administration

- **Management:** Focuses on *implementing* policies, executing plans, getting things done through people (operational).
- **Administration:** Focuses on *policy formulation*, decision-making, and setting objectives (strategic).
- **Key Difference:** Management is *doing*, Administration is *deciding* (though often used interchangeably in practice).

Levels of Management

- **Top-Level:** CEOs, VPs (Strategy, vision).
- **Middle-Level:** Department Heads (Implementing plans, linking top/lower).
- **Lower-Level (Supervisory):** Supervisors, Foremen (Direct execution, employee supervision).

Planning

- The first and the most important function of management is Planning.
- Planning is deciding in advance what is to be done.When a manager plans, he projects a course of action for the future, attempting to achieving a consistent, coordinated structure of operation aimed at desired result.

Importance of Planning

- 1. **Planning increase efficiency** –Planning makes optimum utilization of all available resources. It helps to reduce wastage and avoids duplication of work.
- 2. **Planning reduces business related risks-** Planning helps to forecast the business related risk and also helps to take necessary precautions to avoid these risks and prepare for future uncertainties.
- 3**. Planning provides direction** – Direction means to give proper information, accurate instructions and guidance to the subordinates. Planning tells us what to do, how to do and when to do . It help the organization to achieve the goals through systematic coordination of the employees.

Steps in Planning Process

- 1. **Establishing verifiable goals-** The first step in planning is to determine the enterprise objectives. These are more often set by upper level managers. The objective may vary from a
- desired sales volume or growth rate to development of a new product.
- 2. **Establishing Planning Premises-** Plans are made to operate in the future. The second step in planning is to establish planning premises i.e. assumption on the basis of which plans will be ultimately formulated. Planning premises are vital to the success of planning as they supply

  important facts and information related to future like population trends, economic condition, production cost, government control etc.

Steps in Planning Process

- 3. **Deciding the Planning Period –**The next task is to decide the period of the plan whether it's a yearly plan or a plan which is spread over for longer span of time. Choice of planning period is decided based on time required in development of new product, time required to recover capital investment and length of commitments already made.
- 4. **Finding alternative course of action –** The next in planning is to search for and examine alternative course of action. For Ex-Products may be sold directly to the consumers by the company's salesman or through exclusive agencies.

Steps in Planning Process

- **5.Evaluating and selecting a course of action-** Having searched the alternative courses, the next step is to evaluate and analyze them in the light of premises and goals and select the best alternative. This is done with the help of quantitative techniques and operations research.
- 6. **Implementing the Plan-** The best possible course of action has now to be implemented i.e. putting the plan into action . For this the managers have to develop derivative plans for each department. A draft version of the action plan should be communicated to inform those directly affected and gain their cooperation.

Steps in Planning Process

- 7. **Measuring and Controlling the Programme –** The process of controlling is a critical part of any plan. Managers need to check the progress of their plans i.e. follow up, so that they can take remedial action if the plan is not working as per schedule or change the original plan if it is unrealistic.

Types Of Plans

Breadth	**Time Frame**	**Specificity**	**Frequency of Use**
Strategic	Long term	Directional	Single use
Operational	Short term	Specific	Standing

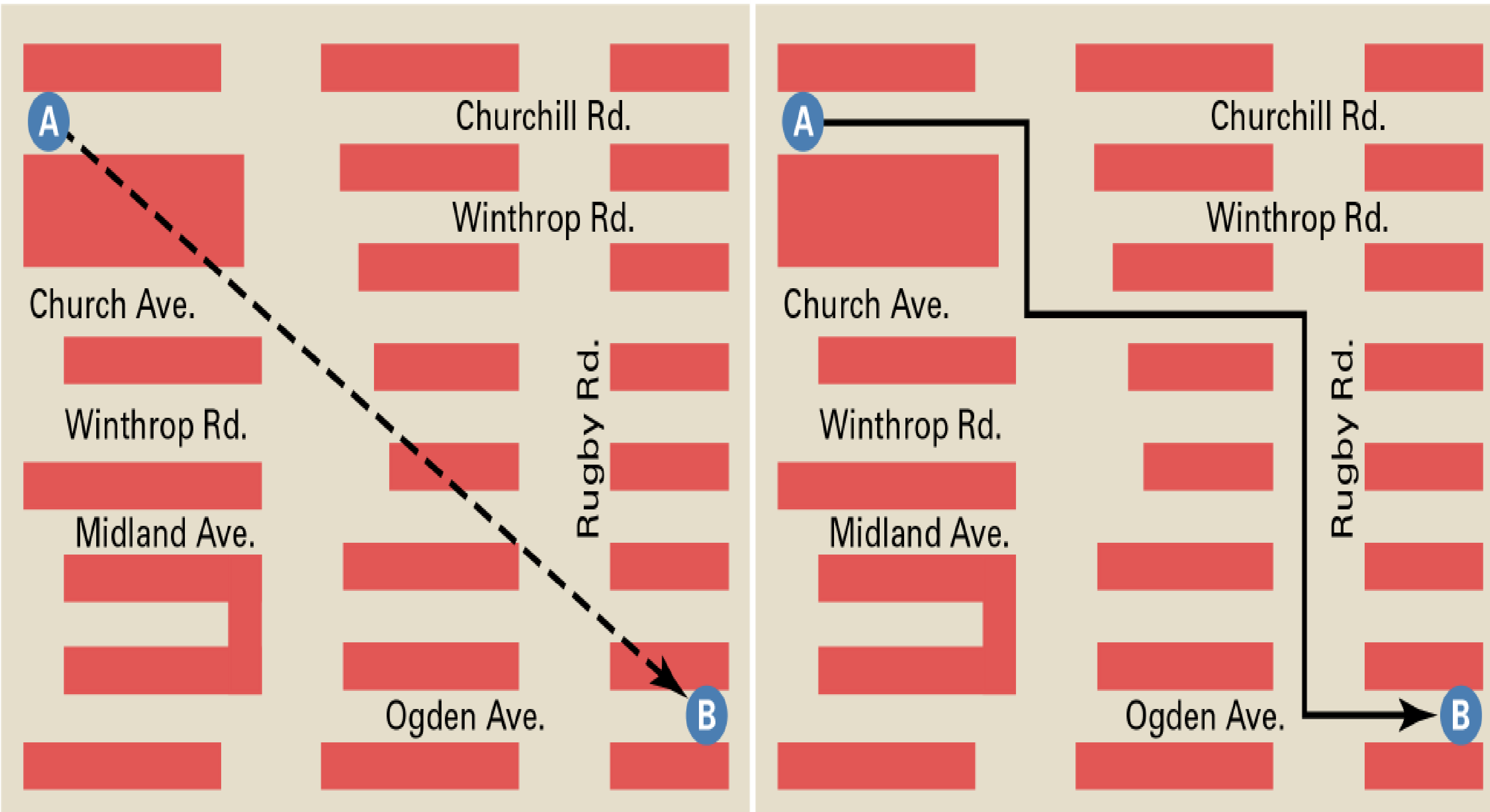
Types Of Plans

- **Types of Plans based on Breadth**
  - **strategic plans** - apply to the entire organization
    - establish organization's overall goals
    - seek to position the organization in terms of its environment
  - **operational plans -** specify the details of how the overall goals are to be achieved
    - tend to cover short time periods

Types Of Plans

- **Types of Plans based on Time**
  - **long-term plans** - time frame beyond three years
    - definition of long term has changed with increasingly uncertain organizational environments
  - **short-term plans** - cover one year or less
- **Types of Plans based on specification**
  - **specific plans** - clearly defined with little room for interpretation
    - required clarity and predictability often do not exist
  - **directional plans** - flexible plans that set out general guidelines
    - provide focus without limiting courses of action

Specific Versus Directional Plans



Directional Plans **Specific Plans**

Types Of Plans

- **Types of Plans based on frequency of use**
  - **single-use plans -** one-time plans specifically designed to meet the needs of a unique situation
  - **standing plans -** ongoing plans that provide guidance for activities performed repeatedly
    - include policies, procedures, and rules

Types of Planning

- Strategic Planning: Top management's long-term (3-5+ years) blueprint for achieving overall organizational goals and competitive advantage.
  Tactical Planning: Medium-term plans (often 1-3 years) to implement strategic goals, detailing resource allocation.
  Operational Planning: Short-term, day-to-day plans (e.g., monthly, weekly) focusing on specific tasks and procedures.
  Contingency Planning: Developing 'what-if' plans for unexpected future events or disruptions.
  Proactive vs. Reactive: Proactive plans anticipate future needs; reactive plans respond to current problems.
  Formal vs. Informal: Formal plans are documented; informal are spontaneous.

Decision Making

- The process of choosing among alternative courses of action.
- **Meaning**: Selecting a path from several possibilities to achieve objectives, a core part of planning.
- **Characteristics**:
  - **Goal-Oriented**: Decisions are made to reach specific goals.
  - **Rationality**: Involves logical analysis and objective data.
  - **Systematic**: Follows a structured approach (identify problem, gather info, evaluate alternatives, choose, implement, review).
  - **Involves Choice**: Selection from multiple options.
  - **Based on Information**: Facts and data guide choices, not just bias.

Organising

- According to Louis Allen "Organising is the process of identifying and grouping the work to be performed defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives."
- According to the Haiimann "Orgainising is the process of defining and growing the activities of the enterprise and establishing authority relationships among them. "

Importance of Organising

- 1**. It facilitates efficient management -** Organising is necessary for the performance of other functions of management .Poor organisation may result in duplication of work and efforts.
- 2**. It facilitates coordination and communication -** Organisation creates a clear cut relationships between the departments and helps in laying down balanced emphasis on various activities. It also provides channels of communication and coordination of activities of different departments.

Importance of Organising

- 3. **It facilitates growth and diversification-** Sound organization helps in the growth and expansion of the enterprise by facilitating its efficient management. It also increases the capacity of the enterprise to undertake more activities.
- 4. **It ensures optimum use of resources -**Organising leads to the optimum use of all material, financial and human resources. It matches the jobs with the individuals and vice versa and ensures that job position is clearly defined. It minimizes confusion and wastage of resources.

Types of Organisation

- **Formal organization –** Formal organization refers to a structure which is consciously designed to enable people of the organization to the work together in accomplishing the common objectives. It is predetermined by top management to facilitate smooth functioning of the organization. The authority responsibility relationship created by the organization structure are to be followed by all the employees in the organisation. It is created as result of Company's rules and policies.

Types of Organisation

- 2. **Informal Organisation –** Informal Organisation refers to the relationship between the people in the organization based on personal likes, dislikes, emotions, attitude etc. These relationship are not in terms of procedure and regulation laid down in the formal organisation. These groups are not preplanned, they develop automatically within the organization. The membership in informal organization is voluntary. It originates as a result of social interaction.

Staffing

- After planning and organizing the next function of management is ‘Staffing’.
- According to Koontz and O’Donnell, “Staffing involves manning the organization structure through proper and effective selection appraisal and development of personal to fill the roles designed into the structure.”

Importance of Staffing

- d) **Helps in morale boosting–** Job satisfaction keeps the morale high of the employees. Through training and development programmers their efficiency improves and they feel assured of their career advancement
- e) **Helps in Optimum utilization of human resources–** Staffing helps in proper utilization of the available personnel. Manpower forecasting provides a basis for recruitment, transfer and training of employees. Shortage or surplus of manpower will be revealed by proper manpower planning.

Importance of Staffing

- a) **Helps in finding efficient worker-** Staffing helps in discovering talented and competent workers and develops them to work more efficiently for achievement of organizational goals.
- b) **Helps in increased Productivity –** Staffing ensures greater production by putting right man at the right job. It helps in improved organisational productivity through proper selection according to requirement
- c) **Maintains Harmony-** Staffing maintains harmony in the organisation. Through proper staffing, individuals are not just recruited and selected but their performance is regularly appraised and promotions are done. This gives everyone an equal opportunity for getting better compensation which finally results in peace and harmony.

Staffing Process

- Manpower Planning
- Recruitment
- Selection
- Orientation & Placement
- Training & Development
- Remuneration & Compensation
- Performance Appraisal & Promotion/Transfer (often included).

Manpower planning

- Estimation of manpower requirements in the future is the first stage in the staffing process. It is known as manpower or human resources planning.
- Its purpose is to make right kind of personnel available so that there is no surplus or shortage of people in any department.
- To determine the qualifications needed to meet the requirements of jobs, the organisation first of all has to analyze the jobs, write the jobs description and prepare job specifications.

Recruitment

- Once the requirement of manpower is known, the process of recruitment starts. It is the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs. It is a positive process as it attracts suitable candidates to apply for available jobs. The process of recruitment and the cost involved in it depends on the size of the undertaking and the type of persons to be recruited. The sources of recruitment can be
- a) Internal sources (recruitment from within the enterprise)
- b) External Sources(recruitment from outside)

Selection

- The process of selection leads to employment of persons who possess the ability and qualifications to perform the jobs which have fallen vacant in the organisation. Selection is frequently described as a negative process as it eliminates all the candidates those who do not match up to the requirements of the job offered.
- As the employees are placed in the jobs for which they are best suited, they derive maximum job satisfaction reducing the labour turnover and increasing the overall efficiency of the organization. The candidates have to go through the whole selection process of an organization i.e. interviews, tests, medical examination etc.

Placement

- The candidate selected for appointment are to be offered specific jobs. A personnel should be placed on a position where there is full use of his strength and capabilities. Proper placement reduces absenteeism and turnover.

Induction and Orientation

- Induction is the process of familiarizing a new employee to the new workplace, surroundings, company's rule and regulations. Induction programme is generally informal in case of small organization. But in large organization the orientation or induction is carried on formally so that the new employee develops a favorable attitude towards the company

Training and Development

- Training is an organized activity for increasing the knowledge and skills of people for a definite purpose .Its purpose is to achieve a change in the behavior of the employees and to enable them to do their jobs better. The initiative for training usually comes from the management. Development emphasizes on growth of an individual. It's a continuous process Development helps in overall growth of the employee.

Controlling

- According to Theo Haimann "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation."

  Controlling ensures that there is effective and efficient utilization of organisational resources so as to achieve the organisational goals. Controlling has two basic purposes
- a) If facilitates coordination
- b) It helps in planning

Importance of Controlling

- 1) **Basis of future action-** Control provides the basis for future actions. It will reduce the chances of mistakes being repeated in future by suggesting preventive steps.
- 2) **Facilitates decision making-** The process of control is complete only when corrective measures have been taken. This requires taking a right decision as to what type of follow up action is to be taken.
- 3) **Facilitates discipline and order –** The existence of control system has a positive impact on the behavior of the employees. They are cautious while performing their duties as they know they are being observed by their superiors.
- 4) **Facilitates Coordination-** Control helps in Coordination of the activities of various departments of the enterprise. It provides them unity of direction.

Controlling Process

- **Establishment of standards-** Standards are the plans or the targets which have to be achieved in the course of business function. It acts as a basis of evaluations of actual performance. Standards can be set in quantitative or qualitative terms. Quantitative or measurable standards can be inform of cost, output, time, profit etc. Qualitative or non measurable standards can be in form of performance of a manager, attitude of worker improving motivational level of employees. Standards should be flexible i.e. capable of being changed according to the circumstances.

Controlling Process

- **Measurement of Performance –**This step involves measuring of actual performance of various individuals, group or units. Measurement of tangible standards is easy as it can be expressed in quantitative terms. Frequency of measurement depends on the nature of task being controlled Qualitative.

Controlling Process

- **Comparison of Actual and Standard** Performance- Comparison of actual performance with the planned targets is very important. Deviations can be defined as the gap between actual performance and the standards laid down. The manager has to find out extent of deviation and cause of deviation. The manager has to exercise control by exception. He has to target those deviation which are critical and important for business.
- 4) **Taking remedial action-** Once the causes and extent of deviation are known, the manager has to detect those errors and take remedial measures so that these deviations don’t occur again. Remedial or corrective actions can be replanning of standards, classification of duties, training of workers etc.

Coordination

- The management of a modern enterprise is based on the principle of specialization or division of labour.

  Coordination is the management of interdependence in work situations. Coordination leads to blending the activities of different individuals and group of individuals for the achievement of certain objectives. In an enterprise which consists of number of departments, such as production, purchase, sales, finance etc. there is a need for all of them to work in synchronization and achieve the organizational objectives.

  According to Henri Fayol "Coordination harmonizes synchronizes and unifies individual efforts for better action and for the achievement of the business objectives."

Importance of Coordination

- 1) **Division of labour –** When managers divide work into specialized function or departments**,** they at the same time create a need for the coordination for these activities. Greater the division of labour, greater the need for the coordination.
- 2) **Growth in size -** With the growth in size of an enterprise and large employment of people, the task of integrating the activities becomes more complicated. To achieve the desired results its important to harmonise individual goals with organisation goals through coordination.
- 3) **Interdependence of units -** The need for coordination in an organisation also arises because of the interdependence of various units. Greater the interdependence of the units, the greater the need for coordination.

Market Survey and Opportunity Identification

- Market survey is gathering and analyzing data from potential customers to understand needs and preferences.
- Opportunity identification is detecting technologies/ideas with commercial potential.

Scanning of Business Environment

- Environmental scanning is the continuous monitoring of external factors (political, economic, social, technological) to identify opportunities and threats.
- **Key Factors (PEST Analysis)**
    - **Political:** Government regulations, stability, policies, tax laws.
    - **Economic:** Interest rates, inflation, employment levels, GDP growth.
    - **Social:** Demographics, cultural trends, lifestyle shifts, consumer attitudes.
    - **Technological:** New technologies, innovation potential, impact on production/distribution.

Project Report Preparation

- A project report is a formal document that defines, explains, and justifies a project to decision-makers and financial institutions.
- **Key Components** - A project report typically includes:
  - Title Page, Abstract, and Introduction.
  - Project Description (goals, processes, product specs).
  - Market Analysis (demand, supply, competition).
  - Technical and Financial Data/Feasibility.
  - Implementation Schedule and Risk Assessment.

Detailed Project Report (DPR)

- **The Importance of Feasibility Studies** - Feasibility studies assess if a project is viable and help convince investors.
- **Technical Feasibility** - Assesses if the required technology, infrastructure (site, utilities), and expertise are available and suitable for the project.
- **Economic Feasibility** - Evaluates profitability, return on investment (ROI), break-even analysis, and overall financial viability.
- **Market Feasibility** - Confirms market potential, analyzes competition, and determines entry strategies (e.g., product differentiation, niche marketing).

Common Errors in Project Report Preparations

- **Poor Data Collection:** Inaccurate market surveys leading to flawed demand forecasts.
- **Unrealistic Assumptions:** Overly optimistic sales or underestimation of costs/timelines.
- **Lack of Detail:** Missing crucial technical or financial data needed for proper appraisal.
- **Ignoring Competition/Risks:** Failing to conduct a thorough environmental and competitive analysis.

Exercises on Preparation of Project Report

- **Case Study Analysis:** Provide a sample project scenario and ask participants to identify opportunities, threats, and potential errors in a sample report.
- **Mini-Project Creation:** Assign groups to develop a preliminary report for a fictional business idea, focusing on one aspect like the market feasibility or financial breakdown.
- **Peer Review:** Have participants review and provide feedback on each other's work.